Unlock stock picks and a broker-level newsfeed that powers Wall Street.

Upgrade Now

yahoo!finance

Macy's, Kohl's close department stores as they struggle to remain relevant

Brooke DiPalma · Senior Reporter
Thu, March 27, 2025 at 4:51 PM MDT • 6 min read

In This Article:

StockStory Top Pick

TJX +0.73% ☆ AMZN +0.11% ☆ COST +0.97% ☆ ROST +1.09% ☆ KSS -3.80% ☆

America's department stores are trying to stay relevant in a new era of consumer behavior.

As consumer preferences have shifted to low-price convenience players like Amazon (AMZN), Walmart (WMT), TJX (TJX), and Ross Stores (ROST), legacy department stores face a critical juncture.

"There's all these other alternative retailers [that] didn't use to exist like Walmart and Target, ... in hardware Home Depot and Lowe's, and in beauty like Ulta, and, of course, online like Amazon," Morningstar analyst

David Swartz told Yahoo Finance. "The department stores were created for a completely different customer."

As Macy's (M), Nordstrom (JWN), and Kohl's (KSS) persist with their turnaround attempts, brick-and-mortar department stores have slowly lost sales as younger, tech-native consumers look to online players. Since 2010, department stores' retail value has declined 44%.

Many have turned to store closures to stem losses and as part of their turnaround plans. Macy's plans to close 66 unprofitable stores this year and 150 total in the next three years, while Kohl's announced plans to close 27 stores this Saturday. JCPenney, now private, recently shared plans to close eight stores this year after shuttering several hundred stores in 2020 in its turnaround attempt.

The efforts to revitalize department stores face growing headwinds as US consumers begin to show signs of stress from stubbornly high inflation and higher interest rates. Now, the effects of tariffs on inflation, consumer behavior, and retailers' costs will be another wild card analysts are watching.

Kohl's CEO said discretionary spending is constrained for consumers making under $100,000 a year and especially for those making less than $50,000.

"It's definitely a hard operating environment," S&P Global director Amanda O'Neill told Yahoo Finance. "Amazon is a winner, Walmart is a winner. Costco is a winner. ... Then, as a retailer, you have your brick-and-mortar locations. Then you also have to be seamless through omnichannel. It's very hard to do."

People walk by a Macy's store in Brooklyn after the company announced it was closing the store along with over 60 others on Jan. 13, 2025, in New York City. (Spencer Platt/Getty Images) · Spencer Platt via Getty Images

Macy's, Nordstrom see green shoots, but challenges remain

The turnaround efforts at Macy's, Nordstrom, Kohl's, and others show diverging paths as the department stores look to bring customers back.

Macy's continues to be the largest department store company in the US and an important channel for brands like Ralph Lauren (RL) and Tommy Hilfiger, Swartz said. But it has weaknesses to contend with.

In the fourth quarter, which is crucial for retailers given the holiday season, Macy's grew overall same-store

Story Continues

View Comments (10)

Terms and Privacy Policy Your Privacy Choices

Recommended Stories

yahoo!finance
Copyright © 2025 Yahoo.
All rights reserved.

POPULAR QUOTES
Dow Jones
S&P 500
DAX Index
Nvidia
Tesla
DJT
Tariffs

EXPLORE MORE
Mortgages
Credit Cards
Sectors
Crypto Heatmap
Financial News

ABOUT
Data Disclaimer
Help
Feedback
Sitemap
Licensing
What's New
About Our Ads
Premium Plans